GOVERNMENT OF INDIA
MICRO,SMALL AND MEDIUM ENTERPRISES
LOK SABHA

STARRED QUESTION NO:42
ANSWERED ON:06.02.2017
Public Procurement Policy
Reddy Shri Konda Vishweshwar

Will the Minister of MICRO,SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) the salient features of the Public Procurement Policy for the Micro, Small and Medium Enterprises (MSMEs);

(b) the major items procured by various PSUs from MSMEs under the said policy during the last three years;

(c) whether the criteria of four percent procurement from MSMEs owned by SC/ST entrepreneurs has been complied with by PSUs during the said period;

(d) if so, the details thereof and if not, the reasons therefore; and

(e) the corrective steps taken/being taken by the Government to ensure effective compliance of the Public Procurement Policy by PSUs in the country?

Answer

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI KALRAJ MISHRA)

(a)to(e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) IN RESPECT OF LOK SABHA STARRED QUESTION NO. *42 FOR ANSWER ON 6.2.2017.

(a): The Government has notified Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012 under section 11 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 which is applicable to Central Ministries /Departments /Public Sector Undertakings. A minimum of 20% of the total annual procurement has been made mandatory from Micro and Small Enterprises by Central Ministries /Departments/Public Sector Undertakings with effect from 1st April 2015. Out of this 20% target of annual procurement from Micro and Small Enterprises, a sub-target of 4% has been earmarked for procurement from Micro and Small Enterprises owned by Scheduled Caste/ Scheduled Tribe entrepreneurs. Under this Order, Micro and Small Enterprises get facility of tender set free of cost and exemption from the payment of Earnest Money. Micro and Small Enterprises quoting price within L1+15% are allowed to supply at least 20% by bringing down their price to L1 price. 358 items are reserved for exclusive procurement from Micro and Small Enterprises.
(b): Item-wise procurement details are not maintained. The order mandates overall percentage procurement as pointed above.

(c): In most of the cases, the target of procurement from Scheduled Caste/ Scheduled Tribe entrepreneurs has not been met. Only nine Central Public Sector Undertakings (CPSUs) have reported to have met the criteria of 4% procurement from Scheduled Caste/ Scheduled Tribe entrepreneurs.

(d) : Discussions with Departments/Central Public Sector Undertakings (CPSUs) have pointed out that one of the main reason is that there are not many Scheduled Caste/ Scheduled Tribe entrepreneurs who can supply the articles required by the Departments/Central Public Sector Undertakings (CPSUs).

(e): A few corrective steps which have been taken by the Government are as follows:-

(i). The Government has launched National Scheduled Caste/ Scheduled Tribe Hub in order to encourage Scheduled Caste/ Scheduled Tribe entrepreneurship so that the problem of supply is addressed.
(ii) Continuous meetings are held to sort out the issues regarding procurement from Micro and Small Enterprises. Even meetings have been held at the level of Union Minister for Micro, Small and Medium Enterprises.
(iii) Review Committee is meeting frequently under the Chairmanship of Secretary, Ministry of Micro, Small and Medium Enterprises.

(iv) An on-line Portal www.msmedatabank.in has been launched for developing a comprehensive data of Micro and Small Enterprises across the country.
(v) Various State level and National level Vendor Development Programmes are being organized in association with Central Public Sector Undertakings to develop the vendors for supply of goods and services amongst the Micro and Small Enterprises.
(vi) National Small Industries Corporation Limited (NSIC) has organized Vendor Development Programmes especially for Scheduled

Caste/ Scheduled Tribe entrepreneurs in different parts of the country.

(vii). Department of Public Enterprises has also taken initiative for effective implementation of the Policy and introduced a penalty clause of deducting one mark for non-compliance of Policy at the time of annual Memorandum of Understanding (MoU) evaluation for the year 2015-16 from the Central Public Sector Undertakings (CPSUs).

(viii) Department of Public Enterprises has added more stringent provision by downgrading the status of Central Public Sector Undertakings (CPSUs) from "Excellent" to "Very Good" and for other than excellent Central Public Sector Undertakings (CPSUs), the penalty clause has been increased from one mark to five mark during the year 2016-17 for non-compliance of the provisions of the Policy.